

Message Text

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ACTION COME-00

INFO OCT-01 EUR-12 EA-07 IO-13 ISO-00 EB-07 TRSE-00 STR-04

AGR-05 AGRE-00 FEA-01 CEA-01 CIAE-00 DODE-00 FRB-03

H-02 INR-07 INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01

AID-05 CIEP-01 SS-15 ITC-01 USIA-06 PRS-01 SP-02

OMB-01 /113 W

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FM AMEMBASSY BUDAPEST

TO SECSTATE WASHDC 7057

INFO AMEMBASSY BERLIN

AMEMBASSY BONN

/USMISSION EC BRUSSELS 0288

AMEMBASSY BUCHAREST

USDEL MTN GENEVA

AMEMBASSY HELSINKI

AMEMBASSY LONDON

AMEMBASSY MOSCOW

AMEMBASSY PARIS

AMEMBASSY PEKING

AMEMBASSY PRAGUE

AMEMBASSY ROME

AMEMBASSY SOFIA

AMEMBASSY VIENNA

AMEMBASSY WARSAW

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E.O. 11652: N/A

TAGS: ETRD, EEWT, EEC, HU

SUBJ: INDUSTRIAL COUNTRIES' PRACTICES RE IMPORTS FROM COMMUNIST COUNTRIES.

REF: STATE 223895

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1. IN MAGYAR'S EYES, MOST SIGNIFICANT TRADE RESTRICTIONS

AGAINST HUNGARY (EXCLUDING U.S. TRADE ACT OF 1974) ARE
EC AGRICULTURAL POLICY AND DISCRIMINATORY QUANTITATIVE
RESTRICTIONS BY EC MEMBER STATES.

2. EFFECT OF EC BEEF BAN ON HUNGARY HAS BEEN NOTED
FREQUENTLY. ACCORDING TO HUNGARY'S CHIEF GATT NEGOTIATOR
(JANOS NYERGES), THE QTE ARBITRARY AND INEQUITABLE
BEHAVIOR TOWARDS ITS (I.E., EC) FOREIGN SUPPLIERS IS
BEST ILLUSTRATED BY THE STILL EXISTING UNILATERAL BAN
ON IMPORTS OF SLAUGHTER CATTLE AND BEEF UNQTE. NYERGES
FEELS, AS HE HAS TOLD USDEL MTN DEPUTY CULBERT, THAT
THIS IS ONE AREA WHERE HUNGARIANS VIEW THEIR INTERESTS
AS OVERLAPPING WITH THOSE OF USG. NYERGES ALSO TOLD
CULBERT THAT HUNGARY WOULD NOT BE SATISFIED WITH AN EC
QUOTA FOR BEEF AND WINE, BUT WANTS LIBERALIZATION, AND
HUNGARY WILL ONLY UNDERTAKE SIGNIFICANT TARIFF CUTS IF
THE EC CHANGES ITS CAP MECHANISM.

3. HUNGARIANS ALSO VIEW DISCRIMINATORY QR'S BY EC
MEMBER STATES AS SIGNIFICANT HINDRANCE TO TRADE.
ACCORDING TO NYERGES, EC MEMBERS EMPLOY DISCRIMINATORY
QR'S AGAINST HUNGARIAN COMMODITIES ON 305 TARIFF ITEMS,
AFFECTING 47 PERCENT OF HUNGARY'S EXPORTS TO MEMBER
STATES OF THE COMMUNITY. IN DISCUSSIONS WITH THE FRENCH,
HUNGARIAN PRIME MINISTER LAZAR HAS COMPLAINED SPECIFICALLY
ABOUT DISCRIMINATORY QR'S ON TEXTILES. SUBJECT OF QR'S
HAS BEEN DISCUSSED WITH BRITISH ALSO. IN U.K., WIDE-
SPREAD SHIFT FROM QUANTITATIVE TO VALUE QUOTAS HAS
REPORTEDLY LED TO AN ACTUAL DECLINE IN HUNGARIAN SALES.
DETAILS ON MEMBER STATES QUOTAS FOR IMPORTS FROM HUNGARY
ARE LISTED IN THE OFFICIAL JOURNAL OF THE EC, KINDLY
PROVIDED TO EMBASSY BUDAPEST BY USEC BRUSSELS.

4.
HUNGARY HAS ACCEDED TO THE ANTI-DUMPING CODE, AND TO
DATE THERE HAVE BEEN NO SERIOUS CASES. POSSIBLE ANTI-
DUMPING INVESTIGATIONS HAVE BEEN RUMORED IN THE U.S.
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(LIGHT BULBS), U.K. (WOOLEN SUITS), AND EC (PHARMACEUTICALS).

5. HUNGARY HAS EXPRESSED WILLINGNESS TO ENGAGE IN MARKET
DISRUPTION NEGOTIATIONS IN MFA TEXTILE CONTEXT AND, MORE
RECENTLY, WITH EC ON LIGHT BULBS AND ELECTRIC MOTORS.
HUNGARY REPORTEDLY IS PREPARED TO IMPOSE VOLUNTARY
EXPORT CONTROLS IN THE CASE OF LIGHT BULBS. (ACCORDING
TO GENEVA 4701 EC IS INVOLVING ESCAPE CLAUSE ACTIONS AS AN
EXPERIMENT TO TEST THESE PROVISIONS OF GATT ACCESSION
PROTOCOL). IN CASE OF U.K. RESTRICTIONS ON MEN'S WOOLEN

SUITS HUNGARY HAS ALSO AGREED TO VOLUNTARY RESTRAINTS
(LONDON 3860).

6. THE EMBASSY IS NOT AWARE OF ANY OTHER NTB'S WHICH
SIGNIFICANTLY AFFECT HUNGARY. THERE ARE SOME PROBLEMS
WITH AUSTRIAN, AND PERHAPS OTHER COUNTRIES WHICH HAVE
SPECIAL ARRANGEMENTS WITH THE EC, IF IMPORTS FROM EC
MEMBER STATES RECEIVE MORE FAVORABLE TREATMENT THAN
HUNGARIAN PRODUCTS.
HARDY

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